

August 28, 2003

Lynda Dorr, Secretary to the Commission  
Public Service Commission of Wisconsin  
610 N. Whitney Way  
P.O. Box 7854  
Madison, WI 53707-7854

Administration of the Mechanisms of Price Regulation Pertaining  
to SBC Wisconsin on its September 1, 2003 Anniversary Date

6720-TI-184

Dear Ms. Dorr:

The purpose of this letter is to request the Commission's consideration of a waiver of penalties relating to two of the nine service quality measures, Speed of Repair and Installation Interval. These measures are contained in SBC Wisconsin's price regulation plan filing in the referenced docket. On this date, SBC Wisconsin has filed with the Commission its results under price regulation which includes information relevant to its operational performance in 2002. The information contained in that filing is reviewed by the Commission to determine if SBC Wisconsin is allowed to increase or required to decrease its rate for price regulated services under the price regulation formula detailed in Administrative Code Chapter PSC 163. One of the pieces of information reviewed by the Commission in its investigation is the service quality performance of SBC Wisconsin during 2002. SBC Wisconsin is measured in nine different service performance areas. A missed objective in any of these categories results in a penalty assessment that may ultimately result in a decrease in rates. If a utility misses a service objective due to exceptional circumstances, however, the Commission has the ability to waive that penalty assessment under PSC 163.04(2)(ct). SBC Wisconsin respectfully requests the Commission to waive that penalty assessment in two of the nine service quality measures.

The Commission has granted such waivers of service quality penalties to Verizon in Dockets 2180-TI-138, 2180-TI-136 and 2180-TI-135.

Speed of Repair:

SBC Wisconsin's performance in speed of repair has been improving steadily since the problems during the summer of 2000. For 2002 operations two standards were in place:

- 1) Average time out-of service 14.1 hours.
- 2) Percent of Out-of Service cleared within 24 hours, 95% for 10 of 12 months.

SBC Wisconsin's results exceeded the first standard. The average time out-of-service was 12.8 hours. However, using data that includes non-routine events, during 2002 SBC Wisconsin cleared more than 95% of troubles in 6 months and missed the measure by amounts less than 1.5% in March (93.67%), April (94.61%) and September (94.79%).

In April 2002, SBC Wisconsin filed a petition with the Commission asking for changes to the service quality measures associated with price regulation. One of the items requested was that

the Commission removes the trouble reports associated with non-routine events from the calculation of results. The Commission addressed this petition in Docket 05-TI-629 which investigated service quality standards for price regulated utilities for their operation in calendar year 2003. In November 2002, the Commission issued its order approving a process for excluding certain trouble reports, making these changes applicable to SBC Wisconsin's operations in 2003.

Our performance for the 2002 calendar year is shown on attachment A. Our request is twofold. First, that the definition of routine interruptions from Docket 05-TI-629 be used to calculate our results for one month, July 2002. In other words, we ask that all non-routine events be excluded for July 2002. Second, for three other months, we request not that all non-routine events be excluded, but only that the impact of three events be reflected in our results: two large cable cuts that were acts of vandalism (in April and September) and one switch outage (in March).

With these reasonable, minor changes, SBC Wisconsin results would exceed 95% clearance in 10 of 12 months. I say these changes are minor because the combined amount below the 95% target for the four months was only 9.8%, averaging less than 2.5% per month. I term the changes reasonable because all the events that we are asking to be recognized are identified in the Commission's 05-TI-629 order as being exclusions for arriving at "routine" interruptions.

#### Time Interval for Installation

The time interval for installation standard in place for 2002 operations was based on FCC ARMIS data. The industry-wide standard of 2.27 days was derived from the median performance of the companies who report to the FCC. In addition, each price regulated company has a performance range in which it must maintain service results or a penalty is applied. The SBC Wisconsin performance maximum is 1.32 days, based on its performance in one calendar year, 1994.<sup>1</sup>

SBC Wisconsin's result for 2002 operations was 2.19 days, based on the processing of almost 1.5 million service orders. SBC Wisconsin's 2002 results exceed the industry-wide standard, but fell short of the company specific benchmark. Absent an exemption, a 50% penalty is to be imposed.

The Commission staff has in the past expressed concern that the data reported to the FCC includes service order activity not only for orders on which an access line is installed, but also orders on which only switch features are added to a customer's account. In docket 05-TI-629, the Commission limited the focus of this standard to customer orders that involve the installation of an access line. As such, in that order, two new standards were put into place for 2003 operations that focus only on access line orders. Only 22% of the total orders measured in 2002 involved access lines.

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<sup>1</sup> Per PSC 163.04 (2c) (2) (b) a price regulated company's benchmark is to be equal to the most recent 3-year performance average with respect to the measure. However, when the initial company benchmarks were set in 1995, only one year of data was available for this measure. The benchmark was never updated to include additional results. Had 1995 and 1996 results been incorporated in the benchmark the SBC Wisconsin performance range maximum would be 2.20 days.

SBC Wisconsin requests that the new installation interval standards in use for 2003 operation be applied to its 2002 operations. Those standards are:

- 1) 3.82 days average for access lines orders without customer requested due dates.
- 2) Meeting 94% of access line orders with customer requested due dates.

SBC Wisconsin's results in 2002 exceed both of these standards. We averaged 1.8 days for orders without a customer requested due dates and met 98.02% of the customer requested due dates.

SBC Wisconsin believes the application of these standards is fair. The new standards reflect the type of orders in which the Commission is most interested, service orders that include an access line. Further, the Company-specific benchmark was never adjusted to reflect a broader timeframe of results as prescribed in PSC 163 and, if the adjustment had occurred, SBC Wisconsin's performance would have passed. SBC Wisconsin believes the use of a broader timeframe was meant to insulate the setting of standards from short term cyclical events experienced by a company.

Thus, SBC Wisconsin respectfully request the application of the installation interval standards in place for 2003 operations be applied to its 2002 results. SBC Wisconsin plans to meet with Commission staff on this matter to ensure staff has a complete understanding of the data analysis SBC Wisconsin has conducted.

SBC Wisconsin was pleased that, in its decision in Docket 05-TI-629, the Commission provided an equitable and fair process for evaluating whether certain service quality measurements can be changed to minimize the risk of unfair penalties being assessed in certain circumstances relating to operating results. SBC Wisconsin is unable to find any reason that prevents the Commission from utilizing this process for 2002 results to ensure fair treatment in our annual price regulation filing. What is fair for 2003 should also be considered fair for 2002.

Sincerely,



Scott Jansen  
Director - Regulatory Finance

Attachment

Cc: Mr. Gary Evenson  
Mr. Chris Larson  
Ms. Judith Klug

SBC Wisconsin  
Speed of Repair Results  
Using 05-TI-629 Methodology

MONTH	RESULTS WITH NON-ROUTINE EVENTS INCLUDED	RESULTS WITH NON-ROUTINE EVENTS EXCLUDED	RESULTS RECOGNIZING EVENTS AS PROPOSED BY SBC WISCONSIN	EVENT TO BE RECOGNIZED
January	96.14%			
February	95.25%			
March	93.67%	98.45%	97.77%	1 SWITCH OUTAGE
April	94.61%	95.6%	95.49%	1 CABLE CUT - VANDALISM 158 CUSTOMERS > 24 HOURS
May	97.14%			
June	90.11%	94.997%		
July	87.04%	95.05%	95.05%	USE 05-TI-629 ROUTINE DEFINITION
August	85.09%	94.01%		
September	94.79%	97.95%	95.19%	1 CABLE CUT - VANDALISM 36 CUSTOMERS > 24 HOURS
October	96.57%			
November	97.82%			
December	96.15%			

Monthly Detail:

March 2002

March Numerator 13,908  
March Denominator 14,848

Event to be included:

Switch outage at Beloit on 3/19/2002 at 11:21 a.m. affecting 27,241 lines

March Adjusted Numerator 41,149  
March Adjusted Denominator 42,089

March Original Results 93.67%  
March Adjusted Results 97.77%

April 2002

April Numerator 16,081  
 April Denominator 16,998  
 Event to be excluded:  
     1800 Pair Cable cut by vandals in robbery attempt, MILWWI28 wire center  
     4/21/2002 158 lines out-of-service over 24 hours

April Adjusted Denominator 16,840

April Original Results 94.61%  
 April Adjusted Results 95.49%

September 2002

September Numerator 14,571  
 September Denominator 15,343  
 Event to be excluded:  
     1000 Pair Cable cut by vandals in robbery attempt, MILWWI45 wire center  
     9/22/2002 36 lines out-of-service over 24 hours

September Adjusted Denominator 15,307

September Original Results 94.97%  
 September Adjusted Results 95.19%

July 2002

Exclusions Based on 200% of Average Reports			
Geography		Date	Quantity over 24 Hours
202	Eau Claire	None	
203	Fond du Lac	7/8/2002	2
		7/9/2002	1
		7/10/2002	1
204	Oshkosh	None	
205	Sheboygan	7/8/2002	2
206	Green Bay	7/1/2002	5
		7/2/2002	11
		7/26/2002	78
		7/27/2002	15

		7/30/2002	2
207	Beaver Dam	None	
208	Stevens Point	None	
209	Sturgeon Bay	None	
210	Appleton	None	
215	Waukesha	None	
216	West Allis	None	
217	Milwaukee – North	7/9/2002	78
		7/10/2002	30
219	Milwaukee – South	7/8/2002	9
		7/9/2002	43
		7/10/2002	33
		7/11/2002	13
		7/12/2002	12
		7/13/2002	12
220	Janesville	None	
221	Madison	None	
223	Racine / Kenosha	7/1/2002	6
		7/23/2002	5
		7/24/2002	2
		7/25/2002	3
		7/26/2002	15
224	Lake Geneva	7/1/2002	1
225	Jefferson	None	
226	Hudson	7/19/2002	1
		7/27/2002	5
		7/28/2002	1
		7/30/2002	2
		Total Excluded	388

July Numerator 15,781  
July Denominator 18,131

Events to be excluded:

200% Days from above 388

Cable damage related exclusions 1,096

- 638 from cable damage on 7/8/2002 in MILWWI34 wire center to a 2100, 1800, 1200 and 900 pair cable.
- 360 from cable damage on 7/24/2003 in Kenosha to a 1800 pair cable
- 98 from other cable damages during the month

Events to be included:

Switch module outage in MILWWI10 on 7/23/2002 at 10:10 a.m. affecting 373 lines  
Switch module outage in Sturgeon Bay on 7/25/2002 at 7:27 p.m. affecting 490 lines

July Adjusted Numerator	16,644
July Adjusted Denominator	17,510
July Original Results	87.04%
July Adjusted Results	95.05%

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